



Quality is Our Bottom Line

Labor Committee Public Hearing

Thursday, March 8, 2012

Connecticut Association of Health Plans

Testimony in Opposition to

SB 259 An Act Establishing the Connecticut Healthcare Partnership

The Connecticut Association of Health Plans, which is comprised of Aetna, Anthem, CIGNA, ConnectiCare, United and WellCare, respectfully urges the Committee's rejection of SB 259 An Act Establishing the Connecticut Healthcare Partnership. We maintain our strong commitment to working with the General Assembly, the Governor and any other interested groups in developing a consumer-focused, cost-effective plan for Connecticut designed to ensure access to health insurance for Connecticut's uninsured populations that is consistent with federal health care reform and the efforts currently underway to develop a well-functioning health insurance Exchange in Connecticut.

The "pooling bill," as it has come to be known, begins with a premise few could challenge: give municipalities and others an additional opportunity to manage health insurance costs by offering the opportunity to participate in the state employee pool. Unfortunately, that principle is subsumed by the breadth of proposals contained in SB 259, which goes much farther than offering an additional option to cities and towns, which as an aside is just now being implemented as a result of last year's efforts, and carries with it significant financial risk to the state and crowding out of the private insurance market.

SB 259 would create a de facto public option by opening up the state plan to non-profit organizations and small employers.

As informed legislators, each of you undoubtedly paid close attention to the debate in Washington over the public option. It was a contentious process, with a great deal of invective on both sides. In the end, it was rejected, and its renewed consideration in the context of SB 259 runs counter to the ongoing efforts towards the development of Connecticut's Health Insurance Exchange.

There have been many arguments made against the public option at both the state and federal level. The concept is particularly problematic for Connecticut, given our budget situation and the vital importance of the health insurance industry to our state economy:

- a) Pooling Carries Major Budget Risk: We are all aware of the significant budget challenges facing Connecticut. Moving all current state programs into a self-insured environment adds to the state balance sheet dramatic new financial risk which will be borne by taxpayers, not insurers.
- b) Pooling is not Consistent with Rebuilding Connecticut's Economy and Jobs: Connecticut maintains the highest per capita concentration of health insurance employment in America. There are approximately 70,000 people in our state employed directly or indirectly in the health insurance industry. SB 259 dismisses this essential part of our jobs infrastructure and sends precisely the wrong message to health insurers located here: We don't want you and we don't need you.
- c) Pooling is not Consistent with Federal Reform: The somewhat ironic fact is that after discarding the public option, the federal reforms are consistent with a modified market-based approach to the uninsured through the use of a range of tools, from limits on medical loss ratios to the creation of health insurance exchanges and a subsidy system designed to help people get access to affordable health insurance. By focusing on pooling under the state employee plan, SB 259 undermines one of the essential tenets of federal reform: a robust private marketplace with appropriate rules of engagement by all participants is the approach chosen by Congress and the President. Passage of SB 259 would compromise Connecticut's efforts to move forward on implementation of an Exchange.
- d) Municipalities Recently Added: Connecticut has only recently moved to implement last year's legislation that allows the state to offer coverage to non-state public employers which was delayed based on concerns about the rules of participation. The state should have the benefit of understanding the impact of this experience before moving to expand the program further.

Based on the concerns raised above, we would urge the Committee to take no action on SB 259. Thank you for your consideration.